

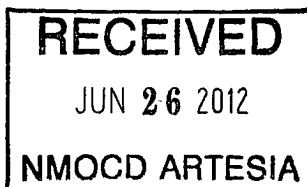


New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary



Jami Bailey
Division Director
Oil Conservation Division



June 13, 2012

BUREAU OF LAND MANAGEMENT
ATT: Potash
620 E Greene Street
Carlsbad, NM 88220

STATE LAND OFFICE
ATT: Joe Mraz
PO BOX 1148
Santa Fe, NM 87505

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR: **Cheasapeake Operating, Inc.**

LEASE NAME: **Los Medanos 36 23 30 State** 30-015-40371

PROPOSED LOCATION: **Lot D U/L D Sec 36 T23S R30E 150' FNL 660' FWL**

PROPOSED DEPTH: **14,068' MD**

2012 JUN 15 PM 8 46

Gentleman:

The application for permit to drill identified above has been filed with this office of the New Mexico Oil Conservation Division. Pursuant to the provisions of Oil Conservation Division Order R - 111 - P, please advise this office whether the location is within an established Life-of-Mine-Reserve are filed with and approved by your office. If not, please advise whether it is within the buffer zone established by the order.

Thank you for your assistance. Please Return as soon as possible.

Very truly yours,

OIL CONSERVATION DIVISION


Randy Dade
Supervisor, District II

RESONSE:

The above referenced location is in LMR (2011 year) -----Yes _____ No X *DM 6-18-12*

The above referenced location is within the Buffer Zone -----Yes X No _____

Signed 

Printed Signature Larry J. Ryba

Representing State Land Office

